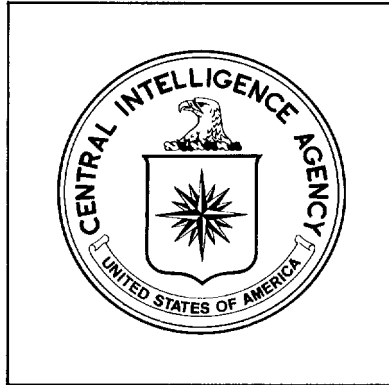


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# STAFF NOTES:

## Soviet Union Eastern Europe

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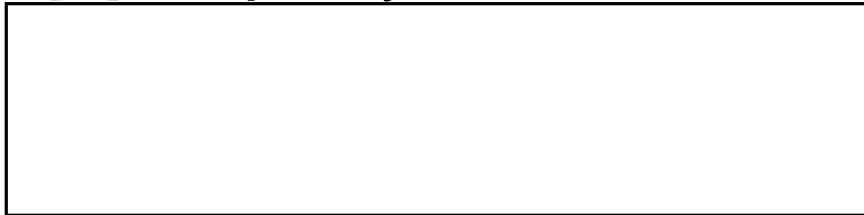
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Soviet Support for Mrs. Gandhi

Moscow has come out firmly on the side of Prime Minister Gandhi in the present crisis in India. On June 27, *Pravda* published the full text of Mrs. Gandhi's emergency decree and commented that the decree was needed to defend India against the reactionaries.

Moscow's open support of Mrs. Gandhi is hardly surprising. The Soviets probably expect that she can carry off her political gamble, and they almost certainly regard her as more friendly than any likely successor. The Soviets may hope that her present problems will force Mrs. Gandhi to become more dependent both on pro-Soviet elements within the Congress Party and on the Moscow-oriented Indian communists.

Judging from Soviet propaganda and private statements, Moscow is determined to head off what it foresees will be a major effort by China to expand its influence in the post-Indochina war period. Under these circumstances, the Soviets will do what they can to establish even closer relations with their friends in Asia. Moscow regards India as an important counterweight to China and thus sees the situation in India as a potential opportunity to undercut Chinese policy by strengthening Soviet influence in New Delhi.



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Hungary: CEMA Ministerial Ends

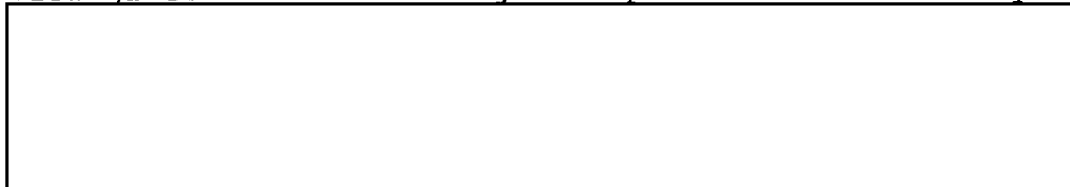
Energy and raw material issues were the dominant topics of discussion at the 29th CEMA ministerial meeting in Budapest June 24-26.

The East Europeans, who have been hard hit by Western inflation and Soviet price hikes, were clearly seeking assurances on future Soviet raw material deliveries. Hungarian Premier Lazar said Budapest is expecting "much assistance" from Moscow in supplying fuel and power. In apparent response, Kosygin claimed that Moscow is providing Eastern Europe additional raw materials and implied that its increasing investments in this sector would benefit its allies.

The participants formally endorsed a so-called CEMA "multilateral integration plan" for 10 joint investment projects during 1976-80 at a cost of 13 billion dollars. Many of the ventures in the "plan" already are in progress, however, and no new projects were announced. Kosygin's contention that multilateral plans do not conflict with national economic development suggests controversy among the participants on this subject.

A bland communique masked any specific differences. It was silent on CEMA's next move to establish a dialogue with the EC, noting only that "other countries and international organizations" had a "growing interest" in ties with CEMA. The document acknowledged that closer coordination of national five-year plans that begin in 1976 continues to encounter "problems."

The session also "worked out" measures to "improve" the legal underpinnings of CEMA authority, a subject that undoubtedly sparked controversy. The Romanians would be certain to resist any language that in their view gives CEMA or its organs supranational authority.



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